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2013 Third Quarter Pulse Survey:
A Survey of Timeshare and Vacation Ownership Resort Companies

Prepared for the ARDA International Foundation

American Resort Development Association

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To the Research Committee of
ARDA International Foundation
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Dear Members of the Committee:

Deloitte & Touche LLP (Deloitte & Touche) is pleased to submit the results of the *2013 Third Quarter Pulse Survey: A Survey of Timeshare & Vacation Ownership Resort Companies.* Our services were performed and this report was developed in accordance with our engagement letter dated December 15, 2011, and are subject to the terms and conditions included therein.

Our services were performed in accordance with Standards for Consulting Services established by the American Institute of Certified Public Accountants. Accordingly, we are providing no opinion, attestation, or other form of assurance with respect to our work and we did not verify or audit any information provided to us.

Our work was limited to the specific procedures and analysis described herein and was based only on the information made available by the survey respondents through October 25, 2013. Accordingly, changes in circumstances after that date could affect the findings outlined in this report.

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Deloitte & Touche LLP

November 12, 2013

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Although the information in this report has been obtained from sources that Deloitte & Touche LLP believes to be reliable, we do not guarantee its accuracy, and such information may be incomplete. This report is for information purposes only.

All opinions and estimates included in this report constitute our judgment as of November 12, 2013, and are subject to revision.

2013 Third Quarter Pulse Survey Overview and Key Findings

This survey is a summary of selected key metrics that provide an overview of the vacation timeshare industry in the United States. It is not a comment on any individual company, whose performance may vary from the information included in this study. To provide current information on the financial performance of the vacation timeshare industry, ARDA International Foundation engaged Deloitte & Touche LLP (Deloitte & Touche) to conduct the third quarter 2013 survey of U.S. timeshare companies that were in active sales during the quarter. The results cover 24 responding companies with aggregate net originated sales of approximately $1.462 billion in the third quarter of 2013. The financial information contained in this survey includes the third quarter of 2013 (Q3 2013) compared to the third quarter of 2012 (Q3 2012), except for section 2(B) which compared Q3 2013 to the second quarter of 2013 (Q2 2013). The trends associated with the performance indicators were developed based on quantitative factors. For example, each indicator that had a change of 10 percent or greater was denoted with a double green arrow or double red arrow. Indicators for which the change was less than 10 percent were denoted with a single green arrow or single red arrow. Indicators for which the change was immaterial (.1 percent or 0) were denoted with a single horizontal yellow arrow. Note several indicators had both positive and negative trends as compared to Q3 2012 and Q2 2013, respectively, and were thus denoted with a single horizontal yellow arrow.

Key Performance Indicators	Trend
Sales Performance	
Net Originated Timeshare Sales (including Telesales) increased 5.6 percent from Q3 2012 to Q3 2013, increasing from $1.384 billion to $1.462 billion.	Increase
Net Originated Timeshare Sales (including Telesales and Fee-for-service) increased 10.7 percent from Q3 2012 to Q3 2013, increasing from $1.468 billion to $1.625 billion.	Increase
Sales Metrics	
Weighted Average Volume Per Guest increased from $2,497 to $2,601 from Q3 2012 to Q3 2013, an increase of 4.2 percent.	Increase
Weighted Average Close Rate increased 2.0% from 15.1% to 15.4% from Q3 2012 to Q3 2013.	Increase
Tours increased 7.6% from 609,500 to 655,876 tours from Q3 2012 to Q3 2013.	Increase
Portfolio Performance	
Currency decreased by 0.6 percentage points, decreasing from 91.4% in Q2 2013 to 90.8% in Q3 2013. Currency also decreased 0.6 percentage points when compared to Q3 2012, from 91.4% to 90.8%.	Decrease
Delinquencies increased by 0.6 percentage points, increasing from 8.6% in Q2 2013 to 9.2% in Q3 2013. Delinquencies also increased 0.6 percentage points when compared to Q3 2012, from 8.6% to 9.2%.	Increase
Charge-Offs decreased by 0.1 percentage points or 4.8 percent, decreasing from 2.1% in Q3 2012 to 2.0% in Q3 2013.	Neutral

Consumer Finance Experience	
Weighted Average Term increased 0.3% from 117.0 months at Q3 2012 to 117.3 months at Q3 2013.	Increase
Upgrade Down Payments decreased 0.3 percentage points, decreasing from 51.6% in Q3 2012 to 51.3% in Q3 2013.	Decrease
Non-Upgrade Down Payments decreased 1.1 percentage points, decreasing from 17.8% in Q3 2012 to 16.7% in Q3 2013.	Decrease
Interest Rates decreased 0.1 percentage points, decreasing from 14.0% in Q3 2012 to 13.9% in Q3 2013.	Neutral
Other Metrics	
Weighted Average Occupancy increased 0.7 percentage points, increasing from 83.2% in Q3 2012 to 83.9% in Q3 2013.	Increase
Capital Expenditures increased 119% percent from Q3 2012 to Q3 2013, increasing from $61.071 million to $133.754 million for all respondents.	Increase
Incomplete timeshare inventory not under current construction decreased 10.6 percent from Q3 2012 to Q3 2013, decreasing from $599.7 million to $536.3 million.	Decrease

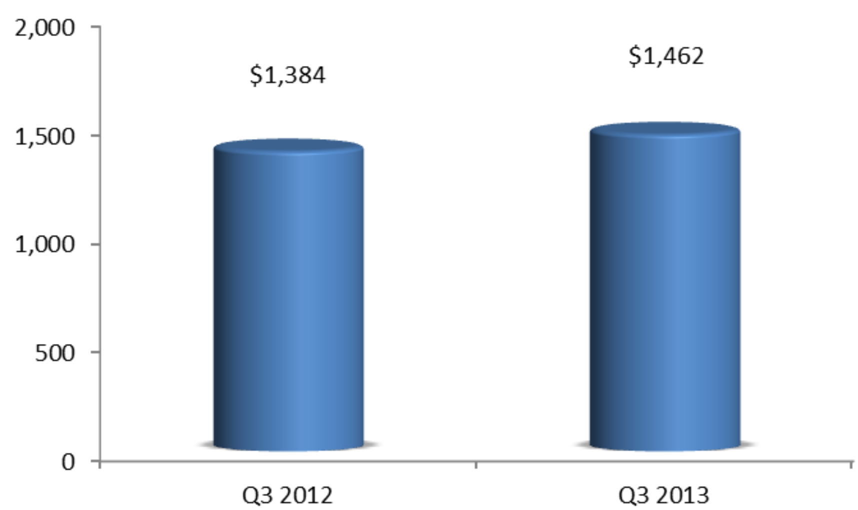
Survey Results

The following summarizes the survey results.

1. Timeshare sales volume increased in Q3 2013.

Companies provided data on a set of key sales indicators. In total, the 22 respondents that provided sales information reported approximately $1.462 billion in net originated timeshare sales[1] (including telesales) in Q3 2013. This was a 5.6 percent increase in Q3 2013 when compared to Q3 2012, as reported by the same respondents.

Figure 1. Net originated sales including telesales (Millions)

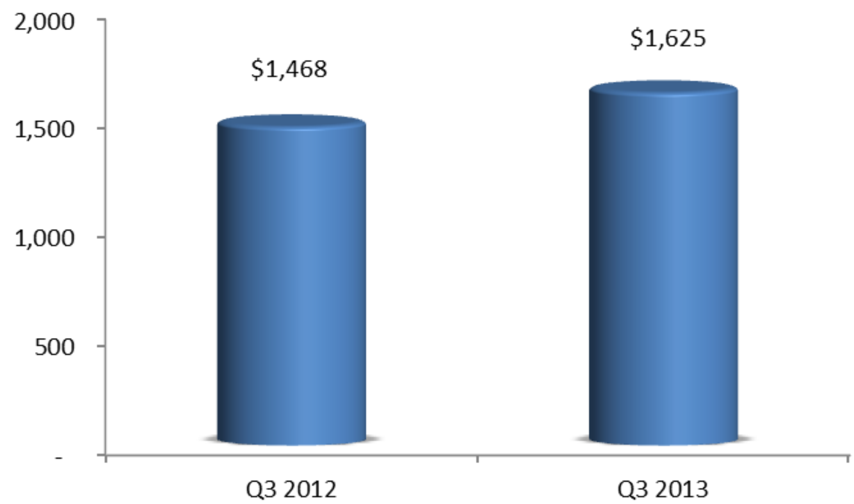


Source: Deloitte & Touche based on 22 company survey responses.

Fee-for-service arrangements have become an established feature within the industry over the last several years. Overall timeshare sales under these arrangements increased from $84.222 million in Q3 2012 to $163.379 million in Q3 2013 or 94 percent. When sales of timeshare under fee-for-service arrangements are combined with respondents' sales of their own timeshare inventory, there was an increase of 10.7 percent in total net originated timeshare sales when compared to Q3 2012.

[1] Net originated sales refers to gross sales revenues net of rescissions, but before reduction of revenue for uncollectible accounts.

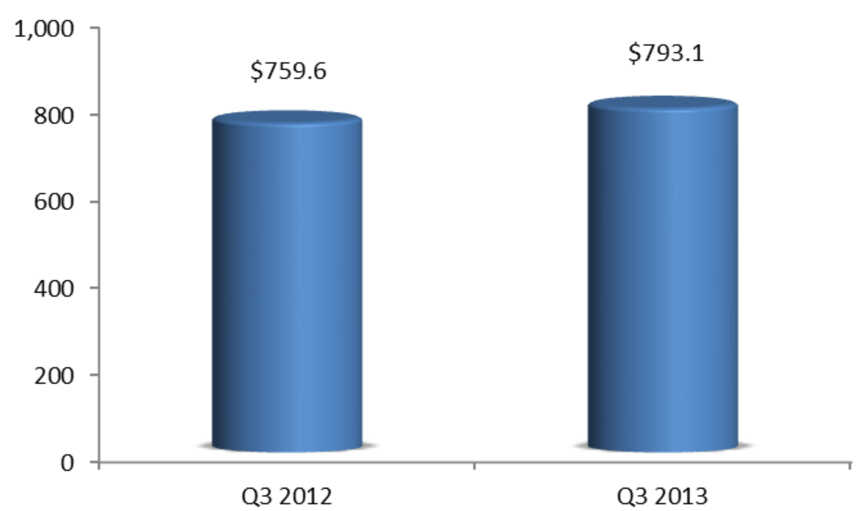
Figure 2. Net originated sales (including sales under fee-for-service arrangements) (Millions)



Source: Deloitte & Touche based on 22 company survey responses for net originated sales, and a minimum of 5 respondents reported fee-for-service arrangements

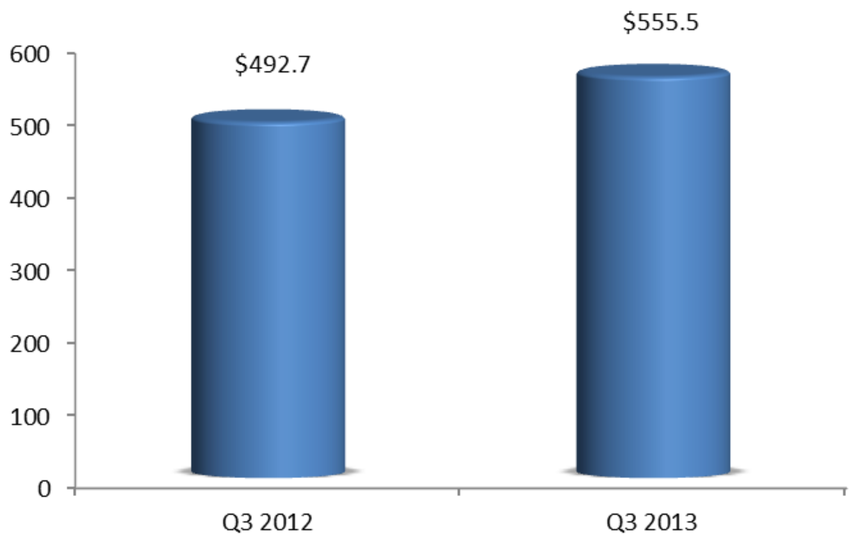
Respondents were asked to report the amount of net originated sales (including telesales) from non-upgrade and upgrade sales. The twenty respondent companies that provided non-upgrade sales information reported approximately $793.1 million in non-upgrade net originated timeshare sales (including telesales) in Q3 2013, which is a 4.4 percent increase from Q3 2012, see *Figure 3* below. The seventeen respondent companies that provided upgrade sales information reported approximately $555.5 million in upgrade net originated timeshare sales (including telesales) in Q3 2013, which is a 12.7 percent increase from Q3 2012, see *Figure 4* below. Note the sum of the total non-upgrade sales and upgrade sales differs from the total net originated sales because two respondents did not provide information related to non-upgrade sales and five respondents did not provide information related to upgrade sales.

Figure 3. Net originated sales (including telesales) – Non-Upgrade (Millions)



Source: Deloitte & Touche based on 20 company survey responses.

Figure 4. Net originated sales (including telesales) – Upgrade (Millions)



Source: Deloitte & Touche based on 17 company survey responses.

Twenty-one companies reported net originated sales excluding telesales, twenty respondents provided detailed information on the number of tours and twenty-three respondents provided detailed information on the number of sales transactions. The companies reported that the aggregate number of tours[2] increased 7.6 percent, the aggregate number of sales transactions increased 8.2 percent, and the average transaction value increased 2.2 percent. The respondents reported an increase in inventory sold under fee-for-service arrangements of 94 percent (see further description below). The net of the changes in the categories above resulted in a 10.7 percent increase in net originated sales (including fee-for-service arrangements).

Services related to sales and marketing arrangements of timeshare interests on behalf of other developers has become a standard feature within the industry in recent years. Respondents were asked a question related to sales for non-owned timeshare inventory sold under fee-for-service agreements. Of the twenty-four respondents, five companies are selling and marketing timeshare on behalf of other developers. Four of the five respondents providing fee-for-service increased fee-for-service operations in Q3 2013 compared to Q3 2012. In total, the five respondents reported net originated sales for non-owned timeshare inventory sold under fee-for-service agreements of $163.4 million in Q3 2013, which increased from $84.2 million in Q3 2012.

Average transaction value is calculated as the dollar value of net originated sales divided by the number of sales transactions and excludes amounts such as closing costs that are not included in net originated sales. Responses are weighted by the dollar value of net originated sales (excluding telesales). It is a measure of the average purchase amount per buyer during a given period and is potentially influenced by numerous factors, including the mix of timeshare products sold. For example, in a given period, buyers may purchase a greater mix of one-bedroom units or biennials[3], resorts may have fewer high season intervals available or new resorts may open for sales. As a result, the average transaction value may change even though there were no changes to existing pricing.

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[2] This represents the number of tours taken by guests in the company's efforts to sell timeshares, including all tours of sales prospects, whether they occur on-site or at an off-site sales center.

[3] Biennial products allow owners to use intervals every other year, instead of each year.

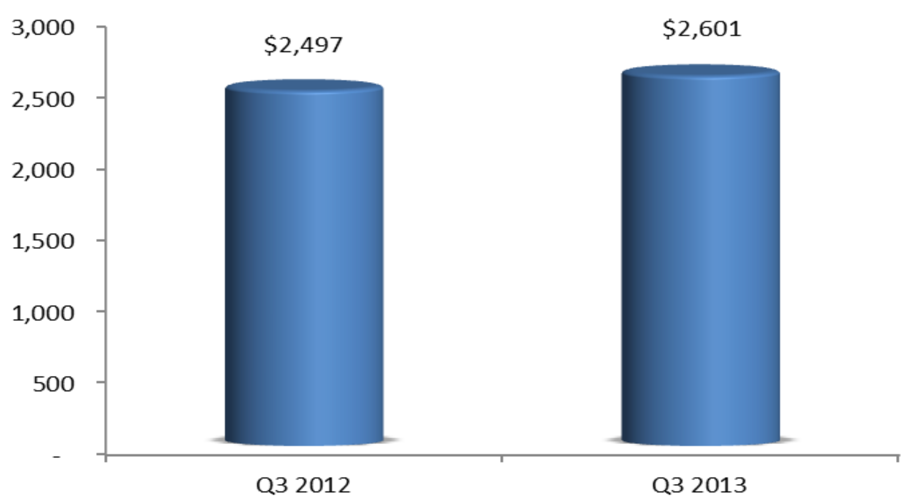
As a further reflection of the multiple factors that can impact this measure, the responses differed by company. Nine respondents reported average transaction value had increased from Q3 2012 and twelve respondents reported the value had decreased. *Figure 5* below illustrates the average transaction value calculated using a weighted average

Figure 5. Weighted average transaction value

Source: Deloitte & Touche based on 21 company survey responses.

Volume per guest (VPG)[4], a measure of sales efficiency, is calculated as net originated sales per tour, increased by 4.2 percent from Q3 2012 to Q3 2013.

Figure 6. Weighted average volume per guest

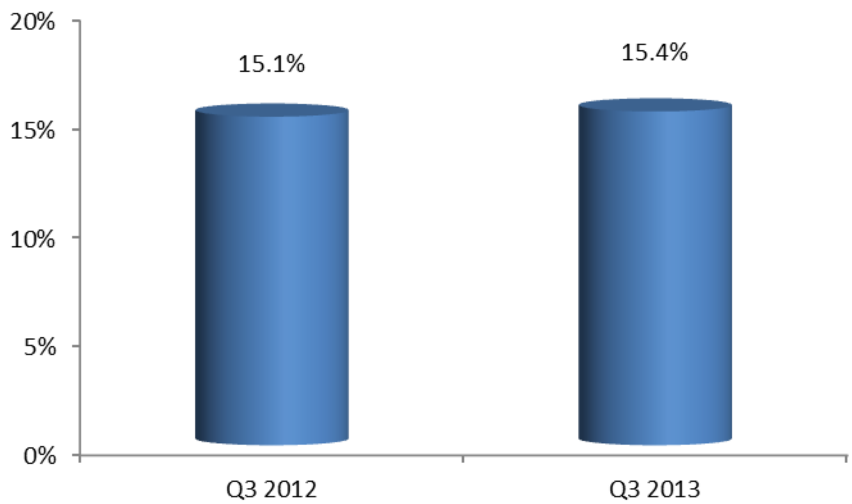


Source: Deloitte & Touche based on 20 company survey responses.

[4] VPG is calculated as net originated sales not including telesales, divided by the number of tours, responses are weighted by the dollar value of net originated sales (excluding telesales).

The close rate, another measure of sales efficiency, is the number of sales transactions generated from tour flow, increased by 0.3 percentage points from Q3 2012 to Q3 2013.

Figure 7. Weighted average close rate



Source: Deloitte & Touche based on 20 company survey responses

The averages reported above are weighted averages; however, we also disclose the simple averages for the close rate, volume per guest, and average transaction value herein, see *Figure 8* below.

Figure 8. Weighted and simple averages for selected sales metrics

	Weighted Average Q3 2012	Weighted Average Q3 2013	Simple Average Q3 2012	Simple Average Q3 2013
Third Quarter				
Volume per guest	$2,497	$2,601	$2,325	$2,391
Average transaction value	$17,054	$17,428	$15,449	$15,803
Close rate	15.1%	15.4%	15.0%	15.1%

Source: Deloitte & Touche based on a minimum of 20 company survey responses

Among the companies that provided key sales indicators, eighteen provided rescission information. The weighted average rescission rate[5] among those companies was 13.3 percent in Q3 2013, which increased 0.2 percentage points when compared to Q3 2012. Eight companies reported a decrease in rescissions between Q3 2012 and Q3 2013 and ten companies reported an increase.

Respondents were asked a question related to rescission information on upgrade and non-upgrade sales. For the eleven respondent companies that provided rescission information on upgrade sales, the weighted average rescission rate increased from 8.5 percent in Q3 2012 to 9.0 percent in Q3 2013. For the seventeen respondent companies that provided rescission information on non-upgrade sales, the weighted average rescission rate decreased from 15.9 percent in Q3 2012 to 15.5 percent in Q3 2013.

[5] Measured as the dollar amount of rescissions as a portion of gross sales weighted by the dollar value of net originated sales.

2(A). Consumer timeshare loan portfolios delinquencies increased and charge-offs decreased when comparing Q3 2012 and Q3 2013.

The composition of receivables portfolios was evaluated as of September 30, 2013, and compared to the composition as of September 30, 2012. The total aggregate receivables for the 23 companies that provided receivables data was $11.27 billion as of September 30, 2013, and $10.96 billion as of September 30, 2012.

Receivables portfolios delinquencies increased overall by 0.6 percentage points (greater than 31 days past due) at September 30, 2013, compared to one year earlier. Respondents reported that payments for 90.8 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of September 30, 2013, a decrease of 0.6 percentage points from one year earlier. Also, as of September 30, 2013, 5.3 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, 0.6 percentage points higher than one year earlier.

Figure 9. Aging of consumer timeshare loan portfolios by survey respondents

	September 30, 2012	September 30, 2013	Increase/(Decrease)
Current	91.4%	90.8%	(0.6%)
31 to 60 days	1.9%	1.9%	0.0%
61 to 90 days	1.0%	1.1%	0.1%
91 to 120 days	1.0%	0.9%	(0.1%)
More than 120 days	4.7%	5.3%	0.6%
Total	**100%**	**100%**	

Source: Deloitte & Touche based on 23 company survey responses.

Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during the third quarter, as a percentage of gross outstanding portfolio balance at period-end. The weighted average default rate in Q3 2013 was 2.0 percent, which is 0.1 percentage points lower than the 2.1 percent reported in Q3 2012. Twelve respondents reported a decrease in the default rate when comparing Q3 2013 to Q3 2012, five respondents reported an increase in the default rate, five respondents reported no change in the default rate, and two companies did not respond. Note one of the twenty-four respondents reported the aging of consumer timeshare loans but did not report gross defaults, and one respondent did not have active receivables or defaults.

2(B). Consumer timeshare loan portfolios experienced a decrease in currency when comparing Q2 2013 and Q3 2013.

The composition of receivables portfolios[6] was evaluated as of September 30, 2013, and compared to the composition as of June 30, 2013. The total aggregate receivables for the companies that provided receivables data was $11.27 billion as of September 30, 2013 and $11.04 billion as of June 30, 2013.

Receivables portfolios showed an increase in delinquencies (greater than 31 days past due) as of September 30, 2013, compared to one quarter earlier. Respondents reported that payments for 90.8 percent of the value of their loan portfolios were current (measured as fewer than 31 days past due) as of September 30, 2013, which was 0.6 percentage points lower than one quarter earlier. On the other hand, as of September 30, 2013, 5.3 percent of consumer timeshare loan portfolios by dollar value were more than 120 days delinquent, which was 0.1 percentage points lower than one quarter earlier.

[6] Receivables portfolio is defined as the total portfolio of consumer timeshare loan receivables held and/or serviced by the company, including securitized and hypothecated receivables, and receivables for sales made in earlier years.

Figure 10. Aging of consumer timeshare loan portfolios by survey respondents

	June 30, 2013	September 30, 2013	Increase/(Decrease)
Current	91.4%	90.8%	(0.6%)
31 to 60 days	1.4%	1.9%	0.5%
61 to 90 days	1.0%	1.1%	0.1%
91 to 120 days	0.8%	0.9%	0.1%
More than 120 days	5.4%	5.3%	(0.1%)
Total	**100%**	**100%**	

Source: Deloitte & Touche based on 23 company survey responses. The second quarter 2013 data herein was obtained from the 2013 Second Quarter Pulse Survey. (Based on 22 responses in the second quarter 2013 survey).

Respondents were asked to report a default rate measured as gross defaults charged against the allowance for uncollectible accounts during the third quarter, as a percentage of gross outstanding portfolio balance at period-end. The weighted average default rate in Q3 2013 was 2.0 percent which was 0.3 percentage points higher when compared to one quarter earlier.

3. Resort occupancy increased to 83.9 percent in Q3 2013.

Survey respondents were asked to provide information on timeshare unit occupancy. For the 23 companies that provided quarterly occupancy data, representing approximately 8.114 million available room nights in Q3 2013, the average occupancy rate increased 0.7 percentage points to 83.9 percent in Q3 2013, compared to 83.2 percent in Q3 2012. Available room nights increased 4.3 percent from Q3 2012 to Q3 2013; increasing from 7.777 million room nights to 8.114 million room nights.

4. Interest rates and average down payments for non-upgrades and upgrades decreased, while average terms increased in Q3 2013.

Information on the characteristics of new financing provided to consumers at the point of sale was collected and aggregated.[7] The average interest rate on new consumer loans in Q3 2013 was 13.9 percent, which was 0.1 percentage points lower than the 14.0 percent reported in Q3 2012. There was a 0.3 month increase in the term for which loans are made, with average loan terms in Q3 2013 of approximately 117.3 months.

Respondents were asked to provide the average down payment on upgrade sales separate from non-upgrade sales.[8] This is because purchasers of upgrades use the equity in their existing vacation ownership interest toward the down payment that they are making on the upgrade interest. As a result, down payments on upgrade sales are typically higher than on non-upgrade sales, and a change in the mix of upgrade and non-upgrade sales could impact the overall average down payment. Twenty-one respondents reported that the average down payment on non-upgrade sales decreased 1.1 percentage points to 16.7 percent of the stated sales price on financed sales in Q3 2013 compared to Q3 2012. Eighteen respondents reported that the down payment on upgrade sales, which includes the value of equity in the owners' existing vacation ownership interest, was 51.3 percent in Q3 2013, a decrease of 0.3 percentage points from Q3 2012.

[7] To calculate the average interest rate, down payment, and term, responses were weighted by the dollar value of net originated sales (including telesales).

[8] An upgrade sale is a transaction whereby a customer relinquishes the right to a currently held timeshare interval and obtains a higher-priced timeshare interval from the same seller.

Figure 11. Characteristics of consumer timeshare loan financing

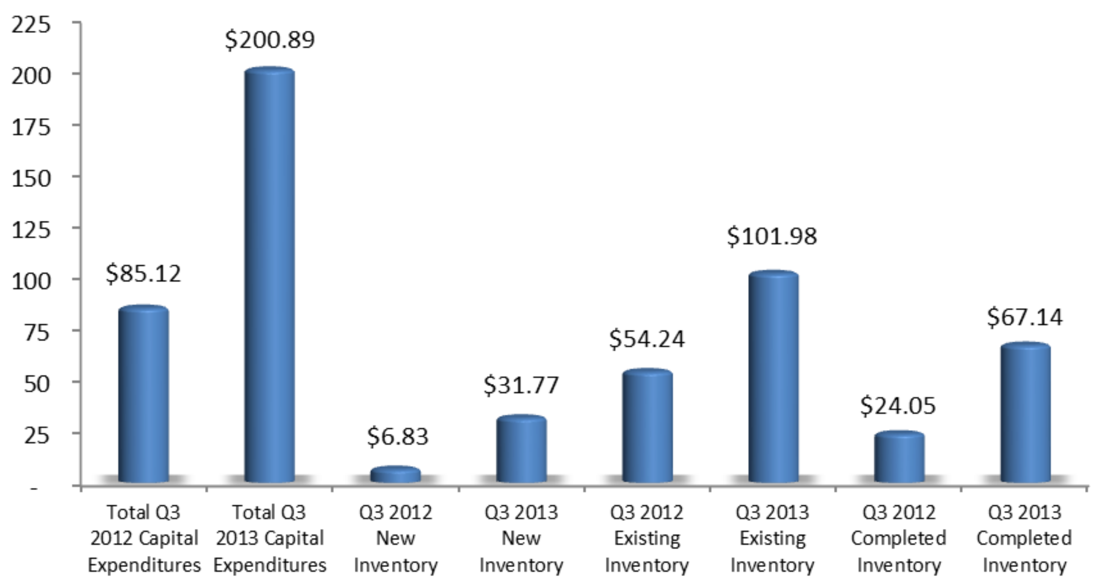
	2012	2013	Difference
Third Quarter			
Weighted Average: Interest rate (annual)	14.0%	13.9%	(0.1%)
Term (months)	117.0	117.3	0.3 months
Non-upgrade down payment (% of price)	17.8%	16.7%	(1.1%)
Upgrade down payment (% of price)	51.6%	51.3%	(0.3%)

Source: Deloitte & Touche based on a minimum of 18 company survey responses

5. Capital expenditures related to timeshare inventory increased overall in Q3 2013 when compared to Q3 2012.

Survey respondents were asked to provide total capital expenditures related to new timeshare inventory projects and completion of existing timeshare inventory projects. Additionally, a new question was added this year regarding capital expenditures of completed inventory (e.g. turn-key, just-in-time inventory purchases, and buy-backs from property owner associations). The results of the survey indicate that capital expenditures related to new timeshare inventory projects increased by 364.9 percent from Q3 2012 to Q3 2013, while capital expenditures related to existing timeshare inventory projects increased by 88.0 percent from Q3 2012 to Q3 2013. Finally, capital expenditures related to completed inventory increased by 179.1 percent. Overall, capital expenditures increased by 136.0 percent in Q3 2013 compared to Q3 2012. Of the eighteen respondents, two respondents decreased capital expenditures related to timeshare inventory and sixteen respondents increased capital expenditures related to timeshare inventory.

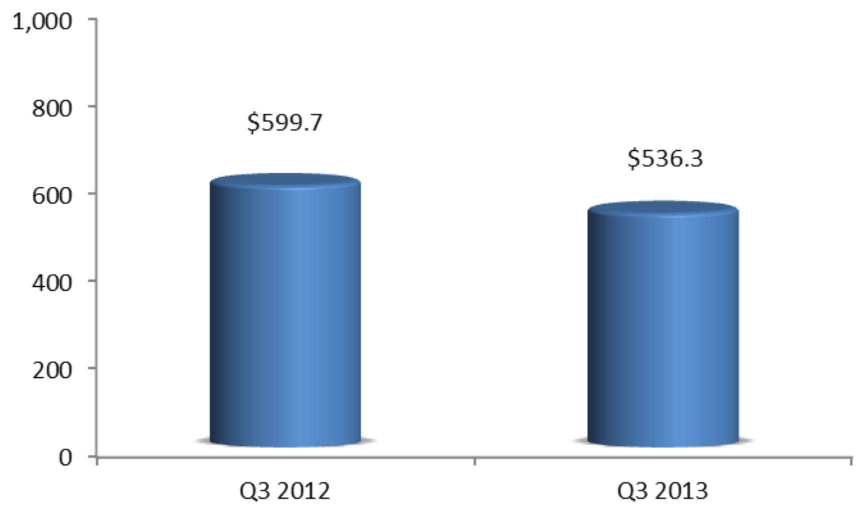
Figure 12. Capital Expenditures (Millions)



Source: Deloitte & Touche based on 18 company survey responses.

A new question was added this year related to construction costs and undeveloped land included in inventory, but not under current development (i.e. inventory developments where construction has been placed on hold or is inactive). The seven respondent companies reported $536.3 million and $599.7 million of construction costs and undeveloped land included in inventory, but not under current construction for Q3 2013 and Q3 2012, respectively, representing a decrease of 10.6 percent (*Figure 13*). Two companies reported an increase, four companies reported a decrease, and one company reported no change from Q3 2012 to Q3 2013.

Figure 13. Incomplete timeshare inventory not under current construction (Millions)



Source: Deloitte & Touche based on 7 company survey responses.

Another new question was added this year related to inventory impairment charges. One respondent reported an inventory impairment charge in Q3 2013 of $1.2 million, as compared to no inventory impairment charges reported in Q3 2012.

6. Percentage of total net originated sales (excluding telesales and home sits) that were day one sales.

Respondents were asked to report the percentage of total net originated sales (excluding telesales and home sits) that were day one sales. These represent sales for which the tour and sales transaction occurred on the same day. Fifteen respondents reported that for the first three quarters of 2013 day one sales accounted for 86.8 percent of total net originated sales, 1.3 percentage point lower than one year earlier. Note the results were based on a weighted average calculation of day one sales as a percentage of Q3 2013 total net originated sales (excluding telesales and home sits). The simple average of the fifteen respondent companies was 86.2 percent for the first three quarters of 2013, which was 0.8 percentage points less than the first three quarters of 2012.

The following table shows the quarterly survey results in aggregate.

ARDA International Foundation – 2013 Third Quarter Pulse Survey

2013 Third Quarter End Results	Quarter Ending September 30 2012	Quarter Ending September 30 2013	Increase/ (Decrease)	Increase/ (Decrease) Percent	Survey Responses
General Characteristics					
1. Ownership status (public or private)	Public: 25% Private: 75%	Public: 25% Private: 75%			24
2. Are fee-for-service activities being provided by another developer on your behalf?	Yes: 0% No: 100%	Yes: 8% No: 92%			24
3. Did you complete any acquisitions? (Business Combinations)	Yes: 8% No: 92%	Yes: 8% No: 92%			24
4. Did you have any goodwill impairment charges?	Yes: .0% No: 100%	Yes: .0% No: 100%			24
Receivables Portfolio					
5. The following questions refer to the portfolio of receivables (total held and/or serviced receivables, including securitized and/or hypothecated receivables), including receivables for sales made in earlier years.					
a. Gross outstanding portfolio balance, at period end (in dollars)	$10,963,754,428	$11,268,347,759	$304,593,331	2.8%	23
6. At period end, on a contractual basis what percentage of the dollar amount of this portfolio was:					
Current (current or fewer than 31 days delinquent)	91.4%	90.8%	(0.6%)	(0.7%)	23
Between 31 to 60 days delinquent	1.9%	1.9%	0.0%	0.0%	23
Between 61 to 90 days delinquent	1.0%	1.1%	0.1%	10.0%	23
Between 91 to 120 days delinquent	1.0%	0.9%	(0.1%)	(10.0%)	23
More than 120 days delinquent	4.7%	5.3%	0.6%	12.8%	23
Total should equal 100%	100.0%	100.0%			
7. Gross defaults (total amount charged against the allowance for uncollectible accounts during period as a percentage of gross outstanding portfolio balance at period end)	2.1%	2.0%	(0.1%)	(4.8%)	22
Inventory					
8. Capital expenditures related to timeshare inventory (current year)	$6,834,806	$31,772,456	$24,937,650	364.9%	18
9. Capital expenditures related to timeshare inventory (prior years)	$54,235,857	$101,981,390	$47,745,533	88.0%	18
10. Capital expenditures related to fully completed inventory	$24,052,417	$67,136,491	$43,084,074	179.1%	18
Total capital expenditures related to timeshare inventory	$85,123,080	$200,890,337	$115,767,257	136.0%	18
11. Inventory impairment charges recorded (dollar value of inventory impairments)	0	$1,200,000	$1,200,000	INF	1
12. Dollar value of construction costs and undeveloped land included in inventory, but not under current development (i.e. inventory developments where construction has been placed on hold or is inactive)	$599,659,614	$536,346,299	($63,313,315)	(10.6%)	7
Resort Occupancy					
13. Timeshare occupancy mix by type. Report based on physical occupancy, meaning actual guest check-in occurred.					
a. Occupied (owner or owners' guest, exchange guest, renter, and marketing guest)	83.2%	83.9%	0.7%	0.8%	23
b. Vacant	16.8%	16.1%	(0.7%)	(4.2%)	23
Total should equal 100%					
14. Total available room nights during period (This will be used to calculate the weighted average occupancy rate for the response set.)	7,776,858	8,113,519	336,661	4.3%	22

Selected Sales Metrics (Including telesales and home sits)					
Sales metrics. Include telesales in the following responses.					
15. Net originated sales (in dollars)	$1,384,144,887	$1,461,741,225	$77,596,338	5.6%	22
16. Net originated sales that were not upgrade sales (in dollars):	$759,637,265	$793,091,338	$33,454,073	4.4%	20
17. Net originated sales that were upgrade sales (in dollars):	$492,743,883	$555,466,800	$62,722,917	12.7%	17
18. Rescissions	13.1%	13.3%	0.2%	1.5%	18
19. Rescissions that were not upgrade sales	15.9%	15.5%	(0.4%)	(2.5%)	17
20. Rescissions that were upgrade sales	8.5%	9.0%	0.5%	5.9%	11
Selected Sales Metrics (Excluding telesales)					
Sales metrics. Exclude telesales from the following responses. Include sales to existing owners and other in-house guests.					
21. Number of tours. Represents the number of tours taken by guests in the company's efforts to sell timeshares. Include all tours of sales prospects, whether they occur on-site or at an off-site sales center.	609,500	655,876	46,376	7.6%	20
22. Number of sales transactions (exclude rescissions) (Transactions should include: week sales, EOY sales, multiple-week sales, upgrades (that count as zero weeks), points sales, and reloads (which should be part of all categories above, except upgrades). Transactions should not include sales of Sampler programs.)	91,719	99,225	7,506	8.2%	23
Close rate (excludes sales that are canceled through rescission, calculated based on formula)	15.1%	15.4%	0.3%	2.0%	20
23. Net originated sales excluding telesales	$1,417,006,602	$1,568,024,305	$151,017,703	10.7%	21
Volume per guest ("VPG"). Represents timeshare sales revenue per guest and is calculated by dividing net originated sales, excluding telesales and home sits, by the number of tours. (calculated based on formula)	$2,497	$2,601	$104	4.2%	20
Average transaction value (this is calculated based on net originated sales and excludes any charges not reflected in net originated sales, such as closing costs)	$17,054	$17,428	$374	2.2%	21
24. Percentage of total net originated sales that were day one sales excluding telesales and home sits (This is the percentage of total net originated sales for which the tour and sales transaction occurred on the same day)	88.1%	86.8%	(1.3%)	(1.5%)	15
25. Total net originated sales for non-owned timeshare inventory sold under fee-for-service agreements	$84,221,727	$163,379,033	$79,157,306	94.0%	5
26. Total net originated sales for owned timeshare inventory sold by others under fee-for-service agreements	$85,256	$0	($85,256)	(100.0%)	1
Total net originated sales (excluding rescissions, including fee-for-service, excluding fee-for-service sold by others)	$1,468,281,358	$1,625,120,258	$156,838,900	10.7%	22
Consumer Financing					
The following items refer to new financing provided to consumers during the period. For upgrade sales, use the characteristics of the new loan. For example, if an owner with $4,000 of equity and $6,000 principal balance outstanding on an existing loan purchases an upgrade vacation ownership interest with a stated sales price of $20,000, and uses the equity in their existing interval as the down payment, resulting in a new loan with a principal balance of $16,000, use the interest rate and term of that $16,000 loan.					
27. Average interest rate.	14.0%	13.9%	(0.1%)	(0.7%)	21
28. Average term (in months).	117.0	117.3	0.3	0.3%	21
Average down payment.					
29. Average down payment on non-upgrade sales	17.8%	16.7%	(1.1%)	(6.2%)	21
30. Average down payment on upgrade sales	51.6%	51.3%	(0.3%)	(0.6%)	18

Method

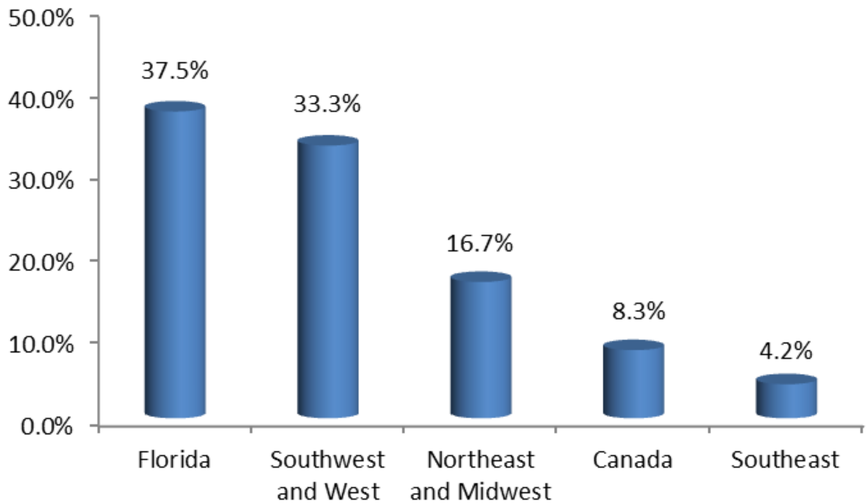
The 2013 Third Quarter Pulse Survey was conducted by Deloitte & Touche on the behalf of ARDA International Foundation. The purpose of the research was to compile current data and to provide a current perspective on the timeshare industry's financial performance.

Deloitte & Touche developed the survey instrument in connection with input from ARDA International Foundation and industry participants. Deloitte & Touche distributed the survey directly to 217 timeshare and vacation ownership companies on October 7, 2013. The survey collection efforts focused on companies generating the largest volume of timeshare sales and companies that participate as board members of the American Resort Development Association (ARDA). Deloitte & Touche followed up with the companies by telephone and e-mail to encourage responses. Deloitte & Touche ended the survey collection effort on October 25, 2013. By October 25, 2013, 24 companies, or 11.1 percent of those surveyed, responded.

During the data analysis phase, Deloitte & Touche contacted several of the respondents with follow-up questions about specific answers they provided. Responses to some questions that were left blank or were unusual were ultimately excluded from the analysis. Though a total of 24 responses were collected, most questions (other than headquarters location) were not answered by all 24 respondent companies as indicated in the "survey responses" column on the "Aggregate Results" tables.

The response base includes major companies in the U.S. timeshare sector. The 22 respondents that provided sales information reported aggregate Q3 2013 net originated sales, including telesales and excluding fee-for-service arrangements, of $1.462 billion. Six of the 24 companies are publicly traded companies, and six of the 24 are affiliated with major hotel brands. The survey is focused on the U.S.; considering the location of companies' headquarters provides an indication of the geographic regions represented by the response base. Many of the U.S. respondents are based in the Southeast, including nine in Florida and one in another Southeastern U.S. location, though companies in the Northeast and Midwest region, Southwest and West region, and Canada also responded.[9]

Figure 14. Distribution of companies by headquarters location, 2013



Source: Deloitte & Touche based on 24 company survey responses.

[9] Regional definitions: Florida (FL); Northeast and Midwest (CT, DC, DE, IA, IL, IN, KS, KY, MA, MD, ME, MI, MN, MO, ND, NE, NH, NJ, NY, OH, PA, RI, SD, VA, VT, WI, WV); Southeast (AL, AR, GA, LA, MS, NC, SC, TN); and Southwest and West (AK, AZ, CA, CO, HI, ID, MT, NM, NV, OK, OR, TX, UT, WA, WY).

To effectively interpret the survey results it is important to understand that the survey is not a projection as it is not based on a random sample of companies, nor is it a census of all companies. The survey is based on responses from participating companies that account for a predominance of industry sales, and this is one of the reasons it is seen as a valuable resource.

The companies that participated in this survey are not identical to those that participated in prior editions of the Pulse Survey or of the Financial Performance Survey, which is an annual survey conducted on behalf of the ARDA International Foundation. The most recent previous Pulse Survey reported on activity through the second quarter of 2013. The current Pulse Survey functions similarly as a timely source of information on several key statistics, with a focus on the third quarter of 2013. Due to the relatively large size of some of the companies participating, the changing composition of the response base can materially impact the results reported in this version compared to previous editions. Also, the timeshare industry experiences changes in activity levels during different seasons of the year. It is not accurate to compare the Q3 2012 and Q3 2013 results presented in this edition with results shown in reports of earlier periods without understanding that the response base and reporting period have changed.

Unless otherwise noted specifically as simple averages, all averages in this report are weighted averages. For example, responses to questions related to sales topics, such as volume per guest, are weighted by net originated sales volume.

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ARDA

American Resort Development Association